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June 22, 2006

VIA ELECTRONIC-DELIVERY

Charles L.A. Terreni
Chief Clerk & Administrator
Public Service Commission of South Carolina
101 Executive Center Drive
Columbia, South Carolina 29210

Re: Application of Duke Power Company LLC d/b/a Duke Energy Carolinas, LLC for Approval of an Executory Transfer and Sale of Property.
Docket No. 2006-156-E

Dear Mr. Terreni,

This is to inform the Public Service Commission ("Commission") that the Office of Regulatory Staff ("ORS") has reviewed the above referenced filing. Based on the information provided, ORS does not have an objection to Duke Power Company LLC d/b/a Duke Energy Carolinas, LLC's ("Duke Energy Carolinas") request for approval of the executory transfer and sale of certain utility property located in Duke Energy Carolinas' electrical service territory as described in this filing.

ORS understands that Duke Energy Carolinas has entered into a Spare Transformer Sharing Agreement ("Sharing Agreement") as part of a national collaborative effort to share spare electrical transformers with other electrical utilities in the event of a declaration by the federal government of a national emergency as a result of a "coordinated deliberate destruction of [a] utility substation." The Application states that by entering into this Sharing Agreement, Duke Energy Carolinas will: (a) support the national effort to protect our electrical infrastructure; (b) provide Duke Energy Carolinas and the citizens of South Carolina with a higher level of preparedness in the event of an attack on Duke Energy Carolinas' electrical system; and (c) lower overall future costs to Duke Energy Carolinas and the South Carolina ratepayers. ORS recognizes this request to be reasonable and will serve the interests of Duke Energy Carolinas' South Carolina retail customers, as well as South Carolina in general, and the nation as a whole.

Thank you for the opportunity to provide our comments in this matter.

Sincerely,

John W. Flitter

JWF/sh

cc: Dan F. Arnett, Chief of Staff, SC ORS
Florence Belser, General Counsel, SC ORS
Dr. James Spearman, Executive Assistant to SC PSC
F. David Butler, Esquire, SC PSC
Lara S. Nichols, Esquire, Duke Power
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